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Message Text

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13
ACTION PM-04

INFO OCT-01 EA-07 ISO-00 OMB-01 TRSE-00 IGA-02 EB-07

CIAE-00 INR-07 NSAE-00 MC-02 NSCE-00 /031 W
---------- 062928
R 290841Z APR 76
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4512
SECDEF WASHDC
INFO CINCPAC

C O N F I D E N T I A L MANILA 5916

E.O. 11652: GDS
TAGS: MARR, RP
SUBJECT: 105 HOWITZER SALE TO PHILIPPINES

FOR ISA/DSAA

1. WE HAVE LEARNED THROUGH JUSMAG CHANNELS THAT UNIT PRICE OF 18 REBUILT 105MM HOWITZERS WHICH GOP PURCHASED IN GOOD FAITH UNDER FMS CASE LAST YEAR HAS NOW BEEN INCREASED BY DEPARTMENT OF ARMY FROM $17,000 EACH TO $45,000 EACH. SIX OF THESE HOWITZERS HAVE ALREADY BEEN DELIVERED TO THE PHILIPPINES; SHIPMENT OF THE REMAINING 12 HAS APPARENTLY BEEN SUSPENDED PENDING PRICE ADJUSTMENT.

2. THIS PROPOSED PRICING ACTION CARRIES THE POTENTIAL FOR RAISING SERIOUS PROBLEMS WITH THE AFP AND, ULTIMATELY THE GOP, JUST AS WE ARE SITTING DOWN FOR TALKS TO SECURE OUR BASING REQUIREMENTS HERE. MORE THAN DOUBLING THE PRICE ON AN FMS CASE SIGNED MORE THAN ONE YEAR AGO, IN WHICH 6 OF THE 18 ITEMS INVOLVED HAVE ALREADY BEEN DELIVERED, WOULD BE VIEWED AS A BREACH OF CONTRACT AND A GESTURE OF BAD FAITH. THIS WOULD NOT RPT NOT CONTRIBUTE TO THE ATMOSPHERE WE WANT AS WE MOVE INTO BASE NEGOTIATIONS.

3. WE STRONGLY URGE THAT THE REMAINING 12 HOWITZERS BE RELEASED IMMEDIATELY AND THAT THE UNIT PRICE FOR ALL 18
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HOWITZERS REMAIN AT THE 17,000 DOLLAR LEVEL AGREED UPON IN THE

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ORIGINAL FMS DEAL. SULLIVAN

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NNN

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